

MASSEY-HARRIS AND THE TARIFF

**A Statement presented by Mr. Thomas Findley,
President of the Massey-Harris Company, before
the Committee of the Cabinet appointed to hear
Evidence on the Canadian Customs Tariff at
Winnipeg, 14 September, 1920.**

Massey-Harris Co., Limited, Toronto

89,024

Massey-Harris and The Tariff

To the Committee of the Cabinet appointed to hear evidence relating to the Canadian Customs Tariff:

GENTLEMEN:

While I am appearing before you to-day merely as a representative of the Massey-Harris Company and not of the Agricultural Implement Industry as a whole, it would seem appropriate to refer, in opening, to the history of the Industry in Canada.

The first Implement Companies began operation between 1840 and 1850 and a few of them have been in continuous operation since that date. It would be hard to conceive of any more natural line of manufacture for Canada than that of agricultural machinery. The development of agriculture and the making of agricultural implements have been very closely interwoven. Without the great advance in the design and manufacture of machines which has taken place during this period, agriculture on its present scale would have been quite impossible, and only the mechanical progress of the past forty years has made possible agriculture as it is now carried on in Western Canada. Canadians, in proportion to their numbers, have had a very large share indeed in designing and perfecting farm machinery, as your patent records will show.

The Tariff from its inception benefits the Consumer

In 1883 a tariff of 35% was placed upon farm implements, and, considering the then limited agricultural area of Canada, an extraordinary number of companies entered into the manufacture of implements. For example, between the years 1886 and 1890, there were 19 different companies in Ontario making binders, while, at the same time in the United States there were only 9 companies in this line. This was a case where a high tariff most certainly acted to the advantage of the consumer. The presence of so many companies caused a competition so bitter that most of them were in time driven out of business, prices—through the competition—being too low to permit of their making any money.

Comparatively few of the original Companies survived but the industry is still a very important one, having at the present time a capital investment of \$93,255,000 and employing, in all Branches, 31,000 persons. (A list of firms is attached as Exhibit "A") I venture to assert here that no industry in Canada has more thoroughly vindicated the "National Policy" or has brought more credit to the country.

Free Trade Arguments based on false premises

Two political parties have placed "free agricultural implements" in their platform and I come before you on the defensive, for reasons will be touched upon later. I admit that there is a considerable public opinion, particularly among the farmers of Western Canada, in favour of free trade in farm implements but I submit, and will endeavor to prove, that this opinion has been based upon false premises, due to a political and newspaper campaign over the last fifteen years, or more, which has systematically misrepresented the position of the agricultural implement makers of this country. So persistent have been the false statements made that they have long ago been accepted by a large number of people as facts. We have not endeavored in the past, to any large extent, to meet the allegations sown broadcast, because, in the first place, they seemed too grotesque to be accepted by any large number of people, and in the second place, the agencies spreading them were too numerous for us to hope to offset the effect of their propaganda. It is evident, however, that a very large number of people accept anything that is printed as having at least some basis of fact.

The most plausible of the charges which have been freely made are as follows:—

First, it is said that Canadian Implement Companies sold their goods abroad at lower prices than at home.

Second, totally misleading comparisons have been made between the price of implements in the United States and in Canada.

Third, foreign and domestic drawbacks have been described as bonuses to Canadian implement firms.

Before dealing with these questions, I wish to say that many politicians and many journals who have circulated these stories have had indisputable evidence placed in their hands as to the inaccuracy of their statements; but, I am sorry to say, they were unfair enough to prefer to make their point rather than let the truth be known. In this they take the position of a Senator in the United States whom a friend of mine heard state at a political gathering of farmers that a large implement firm in the United States sold its machines at prices in Russia so far below the prices in the United States that farmers would make money to buy them there and pay the freight back. My friend, who was an implement man, who knew the facts and who knew the Senator, saw him after the meeting and told him he was sorry to hear him make a statement so far from the truth and gave him the facts of the matter. The Senator simply said—"That's all right, old man. You know the implement business and how to make the most out

of it. I know the political game. I told the farmers what will get votes; to hell with the truth."

Prices of Implements Lower at Home than Abroad

My Company has exported machines to practically every grain-growing country in the world for well over thirty years and we have never during that time sold machines in foreign countries at as low prices as at home.

Australia provides a fair basis of comparison with Canada in the matter of farm implements prices because in that country—and in that country alone—we use the same system of distribution to the farmer direct through commission agents, as in Canada. We submit herewith, marked "Exhibit "B," an Australian retail price list of 1913 and retail price lists for Alberta and Ontario for the same year. (Exhibits "C" and "D"). These two Canadian price lists give the lowest and the highest prices.

We could give retail prices for the same year in Great Britain, France, Germany, Russia and also for Argentina, but, because of the different system of distribution in these countries, there are no printed lists in existence to substantiate the statement.

For years the implement makers of the United States were confronted with the charge that they sold more cheaply in foreign countries than at home. They finally appealed to their Government to instruct their Consular Agents in various countries to report officially on the retail prices in their different countries of farm implements of U. S. manufacture, and Mr. Cyrus H. McCormick, President of the International Harvester Co. of America, issued a pamphlet on December 29th, 1911, summarizing the result of the Government investigation and report. He says:

"The results of our Government's investigation of foreign prices were published in the 'Daily Consular and Trade Reports,' French prices in the issue of February 22nd, 1909, (No. 3413); prices in Germany, Denmark, Sweden, Hungary, Russia and Siberia, March 31st, 1908 (No. 3420) and those in Great Britain, April 8th, 1909 (No. 3450). These reports show that, while the American farmer was buying the 6-ft. Self Binder for about \$125.00, the same machine was sold in Great Britain for \$135.16; in France for \$173.70; in Germany for \$203.00; in Denmark for \$167.50; in Sweden for \$160.80; in South Russia for \$168.95; in North Russia for \$180.25 and in West Siberia for \$187.98. So also as to Reapers, Mowers and Rakes. Furthermore, the wholesale price charged and received by the American manufacturer is greater in the exported machines."

We have no doubt your Commission could secure copies of these Consular Reports and compare them with prices prevailing in Canada at that time. The result will be to prove amply the assertion we have made that prices at home were much lower than prices abroad. Moreover, if you could instruct Canadian Trade Commissioners in these countries to report on the pre-war retail prices of machinery, you would have an official confirmation

of our statement that our prices abroad were in every case higher than our prices at home.

Information as to present prices show that the difference has tremendously increased since the war in favour of the Canadian price; for instance, a 6-ft. Binder, with carrier, sells in England to-day for \$394.56; in France for \$940.80; in Argentine for \$460.00 and in Australia for \$316.33.

The action of the U.S. Government in investigating foreign prices and publishing them in their Consular Official Reports put an effective stop to the campaign of falsehood in regard to this matter which, until a few years ago, was carried on in the United States just as strongly as it is still carried on here. One of the commonest statements in the Western Canadian papers during the past ten or fifteen years has been that machines were sold in Australia much cheaper than in Western Canada. The exhibits we have filed will show how far from the truth these statements were.

A Western Australia paper some years ago published a comparison of retail prices in Australia and in Western Canada, complaining bitterly of the disadvantage their farmers were under through the much higher prices they were forced to pay. At that time I checked up the figures given and found they were correct in both countries, this paper seeming to prefer fact to fiction.

Greater Percentage of Profits Derived from Foreign Business.

Just one other proof; a statement which we will be glad to verify to your Commission by our books, if you desire. In the last year before the war, in volume our business was: home 40%; foreign 60%. The source of our total profits for the year is represented by the following percentages.

Home Trade.....	28.1%
Foreign.....	68.3%
Investments.....	3.6%

We submit that no stronger proof could be given to support our statement that prices abroad were greater than at Home.

During the war the British Government treated implements as munitions of war and furnished transport from Canada to England. For this they demanded the right to control the retail prices at which implements thus transported should be sold to British farmers. In 1918, the last year of the war, this controlled price, fixed by the British Government, was as follows:—

5' Binder with transport truck, \$301.73. During that year the same implement sold to the farmers of Ontario for \$212.00; to the Manitoba farmer for \$220.50. The British controlled price for a 5' Mower was \$107.07, as compared with a cost to the Ontario farmer of \$81.00 and to a Manitoba farmer of \$84.00.

The French Government also controlled prices of implements and their price in 1918 (expressed in the Canadian equivalent to

frances) for a 5' Binder, without transport truck, was \$450.00 and for a 4½' Mower with Dropper Attachment, \$200.00; for an 8' Dump Rake, \$100.00.

As stated above, prices in England and France are relatively much higher now than in 1918, but the exchange is now so high that although comparisons at present are greatly in our favour they are hardly fair.

Proper Comparison Between Canada and U.S. Prices must be based on Retail Prices.

The relative costs of implements to the grain growers in the United States and Canada have been grossly misrepresented. The grain grower is interested only in the retail price. Nevertheless, nearly all the comparisons made in the past contrast the Minneapolis wholesale prices with Winnipeg wholesale prices. To realize the situation it is necessary to understand the difference between the Canadian and U.S. practice in the sale of machines. In Canada we sell every dollar's worth of our goods direct to the consumer through the medium of a commission agent. We fix the retail prices, which are uniform over large zones and vary simply to the extent of the difference in freight rate from one zone to another. Our goods are delivered free of charge at the customer's nearest station.

In the United States by far the largest percentage of the business is done through dealers who buy their goods from the manufacturers and who fix their own retail prices. Such prices vary in accordance with the dealers' judgment as to what is a fair margin for expense and profit, so that many different retail prices will be found in the same State. Secondly, their sales are made based, to quite a large extent, on the price at their distributing centres, the customer paying local freight.

We contend that a proper comparison must be based on retail prices and that retail prices of States such, for instance, as Wisconsin, Southern Minnesota and Illinois, thickly settled and contiguous to implement factories, should be compared with Ontario prices, whereas our Western Province prices should be compared with points in Northern Minnesota, the Dakotas, Montana, Idaho, Washington, California, Texas, etc.

Just prior to the outbreak of the war Sir Thomas White, then Minister of Finance, sent a special Customs official into Minnesota, Dakota and Montana to enquire as to prices and this officer's report was quoted by Sir Thos. White, in Parliament and is recorded in Hansard of April 30th, 1914. (No. 70, p. 3257).

We have figures of our own, procured by having sent an official of the Company at two different periods over this ground to secure at first hand retail prices. Our figures are somewhat more

favourable than those secured by the Customs' official who naturally, on such a mission, was inclined to quote rather the lowest than the average prices. However, we are quite content to rest our case upon the official figures given in his report and set out in the above mentioned issue of Hansard.

"Grain Growers' Guide" makes Misleading Comparisons.

On April 1st, 1914, the "Grain Growers' Guide" of Winnipeg, published an article on comparative prices in Winnipeg and Minneapolis, the article, as usual, being highly misleading. On June 3rd, 1914, we wrote a letter (attached as Exhibit "E") to the Editor of the "Grain Growers' Guide," pointing out the fallacy of their price comparisons, quoting at length the information secured, both as to prices by the Government official and also as to comparative freight rates and analyzing very carefully the difference in retail prices as disclosed by the Customs' Officer in Fargo, Grand Forks, Valley City, Devil's Lake, Lansford, Minot, Gardena, Williston, Havre, Great Falls, Billings and corresponding points across the Canadian border.

Summed up, the analysis will show the price of an 8-ft. Binder at Fargo, taking account of the different equipment, was \$9.50 less than at Winnipeg, but the difference in freight alone accounts for half the difference in price and, if prices had been given in Minnesota, near the Canadian border, the difference would have been considerably reduced. As between Valley City and Morden, taking the extra equipment into account, the difference was \$7.00 and the same difference applies as between Devil's Lake and Pilot Mound.

Comparing Minot and Lansford with Virden, Reston, Napinka, and Melita, when the difference in equipment is taken into consideration, the farmers near these Canadian towns have an advantage over the farmers in the vicinity of Minot and Lansford, of \$3.00 per Binder. Therefore, the average cost to the farmer in all Southern and Central Manitoba is but very slightly more than to the farmers of Minnesota and Dakota to the South of them. Certainly the average difference is not equal to the average difference in the freight rates.

The price at Williston, North Dakota, compared with Regina, Weyburn or any other place within the large radius of Regina, was \$7.00 higher than at Canadian points, or the amount of the full value of the extra equipment.

The price of an 8-ft. Binder at Havre and Billings, Montana, was \$22.00 greater than the price of an 8-ft. Binder at Maple Creek, directly north; \$29.00 greater taking into account the extra equipment on the Canadian side.

From these figures it will be seen that the Saskatchewan farmer

buys his Binder cheaper than the farmer south of him, in North Dakota or in Montana.

Comparing Grand Falls, Montana, the farthest point west quoted by the Government official, with all of Alberta and taking into account the extra equipment with the Canadian Binder, there is a difference in favour of the Canadian Binder of \$27.00.

The Truth about Drawbacks.

Our Company are in receipt of certain drawbacks of duty in regard to goods for both export and home trade and we are constantly attacked by a section of the press on the ground that we are receiving bounty or that we are receiving free raw materials. Both statements are wrong but are calculated to arouse prejudice and are used for that purpose.

On our goods for export we receive a drawback of 99% of the amount of duty paid on materials which can be shown in the completed implement. Much time is occupied in preparing necessary schedules, in proving shipment, etc., and usually at least eighteen months pass after we have paid the duty to the Government before it comes back to us again, without interest. The loss of interest and the expense of collection reduce the effective drawback to less than 90%. Moreover we do not get any drawback upon duty paid on materials for the plant or on machinery with which the goods are produced; or on coal, coke, fuel oil, lubricating oil, belting, toolage and many other items of expense, so that duty does enter quite materially into the cost even of our export materials.

This drawback was increased some thirty years ago from 90% to 99% to make it possible for us to manufacture our foreign goods in Canada and compete with U.S. makers. Prior to this adjustment, our Company had decided to manufacture its foreign goods in the United States and had purchased a large tract of land near Tonawanda for that purpose. The drawback, therefore, is not a bounty but simply a refund of part of the duty on the materials in order to put the Canadian manufacturer on a competitive basis abroad with the U.S. manufacturer.

The domestic drawback is different and it was first introduced by the Hon. Mr. Fielding in 1907, when he reduced the duty on Binders and Mowers from 20% to 17½%. On the valuations then existing for the importation of complete machines, this meant a reduction in duty on a Binder of about \$2.50 and on a Mower of about 50c and Mr. Fielding, to help the Canadian manufacturer, arranged a drawback of duty on a portion of the materials, namely, rolled iron, rolled steel, and pig iron used in the manufacture of Mowing Machines, Reapers, Harvesters, Binders and attachments for Binders for home consumption.

Every Advantage in Tariff Regulations Transmitted to Farmer.

This action came as a surprise and was announced a short time after we had issued our price lists for that year. Recognizing that it would result in decreasing the cost of a Binder, we decided to give the whole advantage of the drawback to our customers. At that time we were selling more than half our Binders in Western Canada and we decided to give the whole advantage to the West and issued a supplementary list (Exhibit "F") reducing Binders in the different sizes from \$2.00 to \$5.00. This has been the basis of our Binder price ever since and the Western farmer has had the full benefit of the domestic drawback.

The following is a quotation from the price list referred to:

"This rebate will lessen the cost of the above machines quite materially, though not to the full extent of the reduction in duty. After careful consideration, we have decided to grant to our customers the full advantage of this refund and are applying the equivalent of the amount in the reduction of Binder prices in the above Provinces. These reductions are to apply to all sales of Binders for use in 1907, and, where orders or settlements have been taken at list prices, a re-adjustment must be made at the new price basis."

At this point I may say that it has always been our practice to transmit to the farmer every advantage which we receive in tariff regulations. In 1915, when the 7½% war tax was placed upon importations, materials for Binders and Mowers, as well as the completed machines were specifically exempt. We raised the prices of all other implements to cover the increased duty; we left Binders and Mowers unchanged.

The present Finance Minister, Sir Henry Drayton in the last revision of the tariff, where the tariff on practically all classes of implements was substantially reduced, extended the rebate system to apply to 30% of the duty on an additional line of implements and also arranged for a special freight rate to the West to help offset the reduction in duty on the complete machine. Again we recognized this effort to reduce the costs and issued our price lists showing a reduction equivalent to the rebate of duty and the reduction in freight. Unfortunately the general trend of costs made it necessary for us a short time after to raise our prices but the reduction in cost was a consideration in fixing our prices.

As an illustration of the kind of misrepresentation we have had to contend with for years over the drawback question, we file as an exhibit "G," two editorials from the "Forest Free Press" and a copy of a letter (Exhibit "H") written by me to a Member of Parliament who asked for an explanation of one of the editorials.

The Tariff on Implements.

No other line of manufacture has been so frequently subject to revision of customs duties as agricultural implements, as the following facts will show.

In 1867 implements were free if imported by agricultural societies, with a 15% ad valorem duty when otherwise imported.

In 1879 duty was increased to 25%.

In 1883 the duty was further increased to 35%.

In 1894 Reapers, Binders, Mowers, Horse-Rakes, Harrows, Cultivators, Drills and Plows were reduced to 20%.

In 1897 Cream Separators, which had formerly been subject to 20% were put on the free list and Grain Grinders, Pulpers, Ensilage Cutters and Hay Tedders were reduced to 25%; Manure Spreaders to 20%.

In 1906 Binders, Reapers and Mowers were reduced to 17½%.

In 1914, Reapers, Binders and Mowers were reduced to 12½%.

In 1919 Horse Rakes, Harrows, Cultivators, Drills, Manure Spreaders were reduced to 15%; Plows to 17½%; Grain Grinders, Pulpers, Ensilage Cutters, Hay Loaders, Hay Tedders to 20%.

From February 12th, 1915, until June 6th, 1919, all implements except Binders, Reapers and Mowers were subject to the war tax of 7½%, in addition to the regular tariff.

Countries with Protective Tariff have Cheapest Implements.

In the opening paragraph of this statement we indicated the tremendous stimulus which the early high duties in implements had given to the formation of implement companies in Canada. While none of these companies were permanently successful, except a few who entered the foreign trade, there has always been a very strong local competition in agricultural implements. From our knowledge of the trend of prices of implements in many countries, we have no hesitation in saying that local competition is a much more important factor in establishing low prices than the customs tariff. Many countries with no duty whatever on agricultural implements prior to the war paid the highest prices for their implements, while countries like the United States and Canada, under a protective tariff, had the cheapest implements in the world.

There is a striking example of this fact in Canada in the relative price of a Cream Separator, which since 1897 has been on the free list, and a Mower which has always been protected. To a large extent the farmers of Canada have imported their Separators, whereas their Mowers have been almost always made in Canada. In recent years there have been a number of companies manufacturing separators in Canada, and these have had the effect of lowering prices considerably, yet to-day in Ontario, a 500-lb. Separator—the standard size—sells for \$105.00 and a 5-ft. Mower for \$97.03. The Separator costs considerably less to build than the Mower, as we who make both know well and as any intelligent farmer will readily concede after examining the

two machines; yet the Separator sells for the greater price. Competition in Mowers has been extremely keen all the years and the margin of profit is very small, whereas competition in Separators, being largely with the importers, is not so keen, and therefore enables us to secure a larger margin of profit. Had there been no local manufacture of Separators, we have no doubt they would to-day, as they did before local manufacturers came into the business, sell for double the price of a Mower; in fact, when we began their manufacture they were selling for considerably more than double.

Other Countries Anxious to have Implement Makers while Canadian Farmers try to drive them away.

It is curious that, while our farmers are trying to drive implement makers out of Canada, the farmers of every country where there are no local manufacturers, are anxious to have them. Australia has just revised its tariff on implements, for the purpose of encouraging home manufacture. For many years there was no duty on Binders, Mowers, Rakes, and Harrows. A special tax was applied during the war and the new Act brought on a few months ago provides for duties that amount in dollars on each implement as follows:—

Binders.....	\$90.00
Mowers	30.00
Hay Dump Rakes.....	17.25
Disc Harrows.....	22 00
Grain and Fertilizer Drills	65.00

The purpose of this tariff is frankly admitted to be largely prohibitory for the encouragement of local manufacture. At the present time there are no makers in Australia of either Mowers or Binders and it will be years before Australia can do without the importation of these machines; yet they apparently value local manufacture highly enough to pay these duties, which are far greater than any which have ever been applied to implements in Canada.

Efficient Method of Distribution offsets Tariff Charges.

We readily admit that it costs more money to build implements in Canada under the protective system than it does in the United States, but our more direct and cheaper method of distribution, we maintain, has minimized the extra cost to the consumer very considerably, while at the same time, we hold that there is no more efficient method of distribution anywhere in the world, or one that gives better or fuller service to the farmer. The cost of the tariff to the grain grower has been exaggerated to such an extent as to be regarded as a heavy burden upon agriculture, unnecessarily retarding progress. It is easy to show how absurd statements of this character are, particularly when they go to the length of saying, as they have in recent years, that this tariff

on the implements of production has actually reduced the acreage sown. We have prepared figures to show the relation of the duty on Binders to an average acre of grain in Western Canada, supposing (which is not the case) that full advantage were taken of the duty in fixing prices.

By investigation made through five of our Western Branch Houses, we find the average life of a Binder in Western Canada to be $8\frac{1}{2}$ years, and the average number of acres cut yearly 175.

In 1915 the initial cost of a Binder was \$170.00. Spare parts during its average life time cost \$64.70. This gives a total of \$234.70, less the value of the discarded machine, say, \$22.50, or a net cost of \$212.20.

In 1919 the first cost of the Binder had risen to \$267.00, or a total cost, with the other items considered, of \$309.20, making the average cost of the Binder in 1915, $14\frac{3}{10}$ c per acre per annum and in 1919, $20\frac{9}{10}$ c per acre, or about one cent per bushel for the average of wheat and coarse grains.

The duty on a Binder in 1915 was \$17.50, which equals $1\frac{1}{10}$ c per acre per annum. In 1919 the duty was \$25 or $1\frac{1}{2}$ c. per acre.

Tariff does not retard Progress of Agriculture.

Another calculation. The following table represents an ordinary equipment for an average 160 acre farm and the duty represented (the same implements would, of course, handle a larger acreage):—

Machine	Duty
Gang Plow.....	\$11.10
Spike Tooth Harrow.....	3.30
Scuffler.....	1.80
Disc Harrow.....	6.00
Spring Tooth Cultivator.....	9.60
Disc Drill.....	16.95
Corn Cultivator.....	13.05
Corn Binder.....	25.00
Manure Spreader.....	27.00
Mower.....	9.62
Horse Rake.....	6.75
Binder.....	25.00
Wagon.....	20.60
	<u>\$175.77</u>

Implements at all properly cared for will last on the average in Canada, ten years, so that, allowing for manufacturers taking every dollar in duty that they can, we have an extra cost per year of \$17.50. Assuming an annual crop of 100 acres and an average yield of all kinds of grain of $17\frac{1}{2}$ bushels to the acre, this duty would add to the cost of producing the grain one cent a bushel. We maintain, for reasons given earlier in this statement, that there is no such extra cost but, assuming that there were, can it be seriously suggested that the extra cost of one cent a bushel has any influence upon the progress of agriculture in Canada?

The Ohio State University recently conducted an investigation to show the average life of implements, housed and not housed, and have published the following results:—

	AVERAGE LIFE	When housed	Not housed
Cultivator.....	12	7	
Corn Planter	17	7	
Binder	14	7	
Disc Harrow.....	15	8	
Dump Rake.....	16	7½	
Side Delivery Rake.....	12	8	
Drill.....	14	6½	
Plow.....	14	9	
Hay Loader.....	15	7	
Manure Spreader	12	6	
Mower.....	15	9	
Wagon.....	22	8	

These figures were obtained by a questionnaire sent to two hundred Iowa farmers and represent the farmers' own estimate of the value of the care of implements. We cannot help suggesting that if the journals who have been so busy on the tariff question in the alleged interests of the grain growers, had applied the same energy to education in the care of their implements and their proper housing, they would have been doing their readers an immensely greater service than in agitating against a duty, which only amounts at the outside in a cost to the farmer of **one cent a bushel** for grain produced.

Tariff not a "Special Privilege"

There is probably no more effective or more commonly used argument against the tariff than that of "special privilege," or, in other words, the charge that the tariff is class legislation, designed to make a few manufacturers wealthy at the expense of the general community. The protective tariff was first instituted under the term "National Policy" and when it ceases to be to the advantage of the people at large, the charge of "special privilege" will have some force.

Is it not self-evident that there is no monetary privilege enjoyed by manufacturers generally under the tariff as our manufacturers as a class make no more money than the manufacturers of the United States, although it is not too much to say that they equal the United States manufacturers in ability, courage and initiative. Speaking for the Company I represent, I say most emphatically that any privilege the tariff has conferred upon us has not been in the direction of making money. The same capital, backed by the same men who have conducted the business since its infancy—70 years ago—would have made quite as much money had their efforts been devoted to building up this business in the United States. The tariff has conferred this privilege; that it has enabled those connected with the Industry to invest their money and live their lives in Canada, a privilege greatly appreciated. So far as the Massey-Harris Co. is concerned, even

today, placing no other consideration in the scales but that of money-making, we should be quite prepared to have the tariff taken off our implements if at the same time it were taken off everything that enters into the cost of producing them. In fact, considering how large our foreign trade is in proportion to the whole, we honestly believe we could make more money under such a free trade condition than we are making at the present time.

Massey-Harris would be as well off under Free Trade.

On August 14, 1917, following a very full discussion of the whole tariff situation and its effect upon our Company, the following resolution was unanimously passed by our Directors and placed upon the Minutes of the Board:

"A further discussion on the tariff situation followed and the President submitted figures illustrating the effect of the tariff on our business, and, while the consensus of opinion was that, given free materials, machinery and all other articles entering into the manufacture of our goods and the operation of our plants, we would be as well off with free agricultural implements, it was not thought desirable to make a statement of any kind at present with regard to the position, on account of the unsettled political situation and the feeling that the effect of practically free trade on other Canadian manufacturing industries might be different from its effect on ourselves."

Our reasons for not giving publicity to our views were several. First, we had no desire to see the present situation changed. The consideration of the matter was brought about by a desire to know what effect the free trade policy of the Grain Growers would have upon our business. The investigation satisfied us that, owing to our peculiar position in having a business about half domestic and half foreign, we could make as much money under the Grain Growers' proposal as at present. We were smarting then under the vicious attacks made upon us as a Company in connection with the tariff and we seriously considered whether we ought to declare our position. But, because we knew it would work a hardship upon the great bulk of the other 100 implement companies in the Dominion—most of whom had no foreign trade—and a hardship also upon other manufacturers supplying us with materials, and, more particularly because of its possible effect upon the welfare of our own workmen, we decided not to make our conclusions public. We are doing so now, not to suggest that we favour free trade in implements—we are absolutely opposed to it—but to show that our opposition to the policy is not actuated by selfish interests.

In the Best Interest of Canada we urge a more Stable Tariff.

To sum up, we would express our belief that it is in the best interests of Canada that the tariff on implements should not be lowered further. Duties range, at present, from 12½% to 20%; under present circumstances they are not equal to a revenue

tariff and are considerably below the duties designed to give protection to industries generally.

We urge the necessity of more stability in the customs tariff on implements than we have had in the past, for the following reason. Some years ago a number of very fine branch factories of U. S. implement companies were established in Canada. If the tariff on implements had been more stable, we should have had many more such branch factories erected in Canada during the past twelve or fifteen years. The factories which will supply implements for the needs of Western Canada ten or fifteen years hence have yet to be built and the tariff policy on implements will determine whether such factories will be built in Canada or in the middle Western States.

I am not suggesting that Free Trade would immediately drive our Company out of Canada but it must be perfectly clear to any thinking person that under free trade the requirements of Western Canada in implements would ultimately be supplied by factories in the middle Western States, where they would be close to their raw materials and closer to their market than in Ontario and we protest most vigorously, on behalf of our employees, against a policy which a few years hence, may impose upon them the necessity either of giving up their occupation or being forced to migrate with the industry to the United States and we submit that there is nothing extreme in the suggestion that this is not only possible but probable if implements are put on the free list.

No Justification for Discrimination against Implement Makers.

We have shown in our statement that there is no justification for any discrimination against agricultural implement makers. They have already, in the interests of class legislation, been discriminated against in nearly every tariff revision and it is time, in the interest of the industry and of the farmers of Canada as well, that the customs tariff on implements should be allowed a period free from change.

We further sincerely believe that the Western farmers would not receive the advantage which some of them expect if the tariff were removed as the Western Provinces would naturally fall into the same position in regard to prices and general conditions as now exists in the more remote States of the Republic, such as the Dakotas, Montana, Washington, Oregon, Idaho, Utah, California, Texas, etc.

In conclusion may I express the conviction that the only sane course for this country to pursue is to produce, not only the fruit of the soil but also the manufactured goods which it needs and thus to conserve its wealth for itself. The wisdom of such a policy is surely more apparent than ever during these days when we have to cope with a serious situation in exchange, a depreciated currency and an adverse balance of trade.

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